



COMMONWEALTH OF THE BAHAMAS

Policy Statement
on
Electronic Commerce
and
the Bahamian Digital Agenda

MINISTRY OF FINANCE

January, 2003

CONTENTS

	Page
FOREWORD BY THE HON. PRIME MINISTER AND MINISTER OF FINANCE	3
GLOSSARY OF TERMS	5
INTRODUCTION	6
ADVANTAGES OFFERED BY THE BAHAMAS FOR E-BUSINESS	8
THE FOUNDATION FOR E-COMMERCE AND THE BAHAMAIN DIGITAL ECONOMY	10
ACTION PLAN	12
E-Business Development Office	12
Telecommunications Infrastructure	16
Human Resources Development	17
Legal Issues	18
Financial Issues	19
E-Government	19
Content	21
CONCLUSION	21

Foreword by the Hon. Prime Minister and Minister of Finance

The Commonwealth of The Bahamas has one of the highest living standards in the western hemisphere. This is not surprising: The Bahamas is a stable parliamentary democracy, with solid democratic institutions and values based upon the rule of law inherited from the United Kingdom and strengthened during the course of its Independence. Apart from its high standards of living and literacy, The Bahamas has excellent educational institutions, and has enjoyed sound macroeconomic and fiscal performance since Independence in 1973, and full participation in the international community of law-abiding and developed nations. Given these facts and also the fact that The Bahamas, as a result of its geography, has a choice strategic location in the hemisphere, The Bahamas is poised to move to the highest levels of economic and social development. We envisage that the development of e-commerce will enable The Bahamas to move to those levels.

The purpose of this Policy Document is to set out the Government's vision for The Bahamas to become a centre of excellence in the hemisphere for e-commerce, and realise for the benefit of individual Bahamians, the Bahamian economy and Bahamian society generally, the enormous potential gains which arise from The Bahamas being such a centre.

This Document is the first in a series of policy statements which will be promulgated over time to provide an articulated vision on areas of public policy impacted by e-commerce developments of relevance to The Bahamas, as well as to provide information on the ongoing

work being carried out by the public and private sectors in The Bahamas to ensure that The Bahamas becomes, and remains, a centre of excellence for e-commerce.

This Policy Paper sets out the major features of the Government's plans which will be implemented carefully and on a priority basis to achieve that goal.

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PRIME MINISTER AND
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Ministry of Finance
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GLOSSARY OF TERMS AND ABBREVIATIONS

“**BIS**” Bahamas Information Services

“**BTVI**” Bahamas Technical and Vocational Institute

“**Cyberspace**” refers to the virtual world which exists within the realms of computers, telecommunications networks, and digital media.

“**Digital economy**” refers to that stage of development at which a country transacts most of its activities electronically and is fully wired for info-communications, sometimes called the “Information Society”.

“**E-Commerce**” unless otherwise specified, is used in the broad sense in this document to describe business activities that are conducted electronically.

“**IT**” information technology.

“**ICT**” means information and communications technologies.

“**Intellectual property**” refers to the legal rights resulting from intellectual activity in the literary, artistic, musical, industrial and scientific fields (including inventions).

“**Intranet**” means the deployment of Internet technology within an organisation to communicate internally (even between different sites).

“**Portal**” is the gateway or homepage to several connected websites.

“**WWW**” means the World Wide Web.

INTRODUCTION

1. The Government of The Bahamas holds the view that information and communications technologies are fundamental to the sustainable growth and development of the Bahamian economy across all sectors. Having regard to this, the Government has set as a long-term, broad-based objective, the transformation of the Bahamian economy to a digital one as a means of generating viable opportunities for Bahamians to participate in the global economy. The realisation of such opportunities will come about through the pervasive use of the Internet to engage in activities such as e-commerce, e-learning, e-health, e-government services and certain niche markets within the supply chain.

2. The Government is also mindful of the need to minimize those risks associated with the development of a digital divide that will inevitably result in enormous disadvantages for those countries which fail to prepare adequately for a world economy grounded on an interconnected global information infrastructure, trade liberalization and increased competition. Further, Governments of the region are particularly challenged to pre-empt the growing threat of losing valuable skilled resources in the IT and related sectors to the more advanced markets that are able to offer meaningful prospects of engagement in this field.

3. Electronic commerce (more commonly referred to as “e-commerce”), as a manifestation of the digital economy, will not only strengthen existing economic activities, but will also give rise to new economic developments and opportunities. The main benefits of e-commerce for The Bahamas will be derived mainly from:

(1) its ability to equip this country to retain a competitive edge in the two economic pillars of Tourism and Financial Services; and (2) its ability to assist in driving the country's overall economic expansion and social development.

4. From this, The Bahamas stands to realise considerable economic gains, especially in the areas of travel and tourism, financial and international business services, delivery and courier services, and transshipment. Such positioning would also offer opportunities to fully expose local businesses to the global marketplace, not just in the area of services but also in the range of unique and exotic products which The Bahamas can supply to the world.

5. The Government firmly believes that a fully deployed e-commerce development strategy will enable The Bahamas to compete on a level playing field in the global economy, generate quality jobs for Bahamians and overall economic growth for the nation. The Government has therefore committed to developing and promoting electronic commerce as an engine for economic growth and social development.

6. The Government has set a target to make The Bahamas a leader and centre of excellence in e-commerce, and is actively pursuing those strategies and policies that will meet these objectives. To facilitate this process and as a demonstration of Government's strong commitment, the newly established Ministry of Financial Services and Investments has been given specific portfolio responsibility for the promotion of e-commerce. This Ministry will bring the necessary concentrated focus to those ways and means by which the transition to engaging in e-commerce,

by the domestic sector of the economy, can be accelerated. This, in addition to stimulating interest within the international investment community that The Bahamas is the jurisdiction of choice for the location of offshore e-commerce business. In this latter respect e-commerce, as a financial services product, has proven to be a distinct and natural outgrowth of the traditional international business services structure that has formed the backbone of the offshore industry.

ADVANTAGES OFFERED BY THE BAHAMAS FOR E-BUSINESS

7. As a potential e-commerce hub, The Bahamas offers several unique advantages for e-commerce activities:

- ◆ a strategic location as a natural gateway to and from the Americas, serving historically and literally as a natural bridge or link between the “old” and “new” worlds as well as between North and South America;
- ◆ a conducive regulatory and legal framework that meets international best standards and practices;
- ◆ reliable and frequent air links to major international destinations;
- ◆ a world class transshipment facility on Grand Bahama Island;
- ◆ English as the national language;
- ◆ A United Kingdom based legal system;
- ◆ a strong tradition in providing highly-skilled professional and financial services;
- ◆ a young trainable workforce;

- ◆ available land for the development of concentrated centres of high technology; and
- ◆ an already extensive submarine network of fibre optic cabling.

8. The Public Utilities Commission, an independent regulator, has responsibility for the regulation of the telecommunications services sector in The Bahamas.

9. There has been full competition in the provision of Internet services since 1996. Currently there are eight (8) Internet Service Providers servicing approximately twenty-three thousand (23,000) Internet subscribers.

10. Nationally, high capacity bandwidth is available to the business community in New Providence and in Freeport, Grand Bahama. High capacity bandwidth is available internationally over the Bahamas II Fiber Optics Submarine Cable between New Providence, Florida and Freeport. The installed capacity of the Bahamas II Fiber Optics Submarine Cable is 2.5 Giga Bits. Its design capacity incorporates Wave Division Multiplexing (WDM) that can facilitate any level of expansion of high-speed data above 2.5 Gb/s during the next 20 years.

11. In addition, The Bahamas benefits as a participant in a consortium that provides links to the remainder of the Caribbean, Central and South America for additional high capacity bandwidth over submarine fibre optics cable that will provide a self -healing ring which, in turn, will provide for landing points in New

Providence, Cat Island and Crooked Island. The initial capacity will be 15 Giga Bits with a design capacity of 960 + Gb/s and 100% self-restoring.

12. High capacity bandwidth is also provided by the local cable television company over an independent fibre optics submarine cable system between Boca Raton, Florida; Hunters, Grand Bahama; Caves Point, New Providence; Current, Eleuthera and Sandy Point, Abaco.

13. Telecommunications to the remaining Family Islands not connected by submarine fibre optics cable system, are supplied via robust Digital Microwave Systems.

14. Frame relay technology and integrated digital service networks (I.S.D.N.) are also available to consumers for the transport of switched high-speed data service.

THE FOUNDATION FOR E-COMMERCE AND THE BAHAMIAN DIGITAL ECONOMY

15. In advancing its e-commerce strategy the Government will continue its collaboration with the private sector, the community and its international counterparts to position and promote The Bahamas as the premier e-commerce business centre of choice.

16. The Government readily accepts that the private sector should take the leading role, and seeks to facilitate private sector initiatives through the removal of

those restrictions that may impede e-commerce. This will, of course, be with due regard to the unique qualities of the Internet and the need to facilitate e-commerce on a global basis.

17. The Government's e-commerce strategy will be guided by the following policy issues: -

- the principle of universal access that ensures the availability of Internet access to all Bahamians at affordable rates;
- a universal service policy that guarantees Internet access free of charge to all public and church operated schools, public libraries, the College of The Bahamas, The Bahamas Technical and Vocational Institute, The Bahamas Hotel Training College, the Eugene Dupuch Law School, all public hospitals, clinics, senior citizens' homes and orphanages;
- the creation of an internationally compatible legal and regulatory framework that accommodates rules for commercial transactions;
- a conducive system for the protection of intellectual property rights in cyberspace;
- security, interoperability and interconnection of information systems;
- issues relevant to privacy, such as protection for personal information and confidentiality of consumer related matters; and
- the development of technologically competent human resource capabilities.

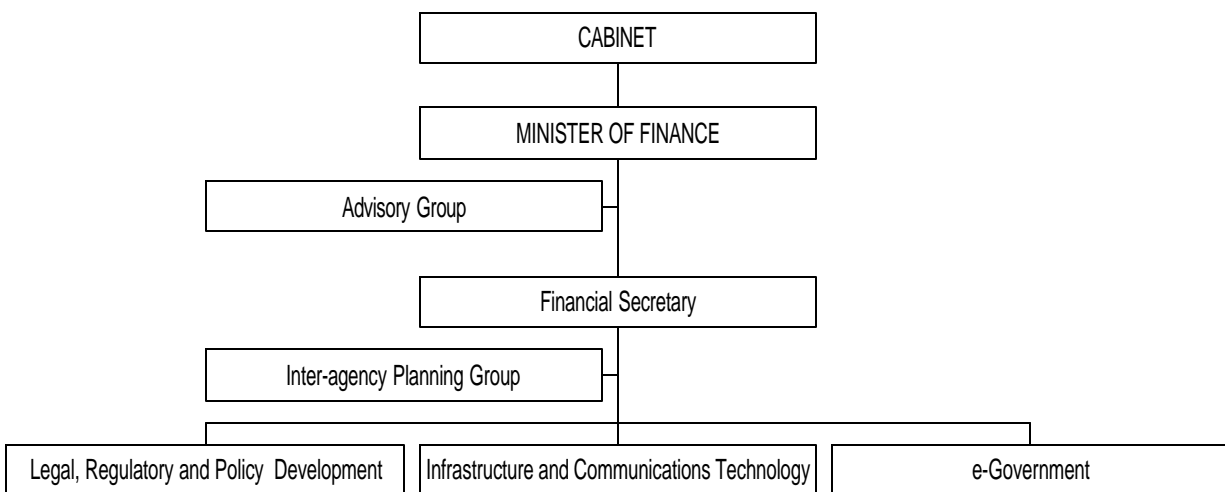
ACTION PLAN

18. The Government intends to promote e-commerce both as part of the new package of financial services products to be offered in the offshore sector, and also as a means of stimulating innovation and on-line commercial activity within the domestic market.

19. The following paragraphs set out the Government’s strategy for accomplishing these objectives.

A. The establishment of the E-Business Development Office

20. While e-commerce is essentially a private sector driven effort, the Government still has a key leadership and supporting role to play in its development. To facilitate the development of e-commerce and the strategy for a digital economy the Government has institutionalised an E-business Development Office within the Ministry of Finance. This office is the successor to the Ministry’s E-business Working Group. The diagram below illustrates the organisational structure of the office.



21. E-Business Development Office Structure Key

BODY	FUNCTION
Advisory Group (appointed under the Electronic Communications and Transactions Act)	To provide input to the Minister on ICT developments and related initiatives, both domestically and internationally.
Inter-agency Planning Group	<ul style="list-style-type: none"> - To determine the respective responsibilities of the agencies represented for meeting e-commerce goals. - To develop implementation plans, complete with target dates and the necessary structures, and resources. - To include representatives of key agencies as identified in paragraph 22.

22. Membership of the Inter-agency Planning Group will be comprised of representatives from the following Government agencies:

Office of the Prime Minister	Attorney General's Office	Bahamas Telecommunications Co.
Ministry of Finance	Registrar General's Department	Tourism
Ministry of Financial Services	College of The Bahamas	Bahamas Information Services
Ministry of Trade & Industry	Royal Bahamas Police Force	Department of Statistics
Ministry of Education & BTVI	Central Bank	Public Utilities Commission

Other Ministries/agencies as are identified with the progress of the work

23. The three development branches which were established under the E-business Working Group as functional areas within the Ministry of Finance, will continue as branches of the E-business Development Office to develop, oversee and co-ordinate the implementation process. A summary of the role of the three branches is set out below.

- Legal, Regulatory and Policy Development. This branch will focus on addressing critical e-commerce policy and regulatory issues. This group will be dealing with: Intellectual Property, E-Commerce Legislation,

Regulatory Framework, Financial Issues/Payment Systems (including authentication and certification infrastructures), Benchmarking, International and Regional Harmonisation, Privacy and Consumer Protection, and Industry Cluster Groups.

- Infrastructure and Telecommunications Technology. This group will deal with: Market Access, Convergence of Broadcasting and Telecommunications Regulation, Security of Networks and related Cybersecurity Measures, Standards for Interoperability/Interconnectivity, International Telecommunications Union, and Internet Service Providers.
- e-Government will be made up of the following sub-units: Judicial and Legal Services, online Government processes, Network Security, Education and Human Resource Development, Government Web Site and Portal and Business Facilitation.

24. As circumstances dictate, and in conjunction with the Ministry of Financial Services and Investments, task force groups comprising industry cluster groups and other interested stakeholders will be formed and attached to one of the three branches of the office. It will be the function of these groups to examine and make recommendations on info-communications policies that would advance the Government's e-commerce strategy and the country's transition to a digital economy.

25. The E-Business Development Office will have overall responsibility for mapping The Bahamas' Digital Agenda through, inter alia,-

- (1) monitoring the development of e-commerce in The Bahamas;
- (2) providing advice and guidance to the Government on those policies needed to ensure The Bahamas' transition to a digital economy; and

- (3) the preparation of a comprehensive national framework, including a long-range Strategic Plan for e-commerce and the digital economy to include:
 - (a) a comprehensive plan for workforce development and re-training;
 - (b) a focused public awareness and education campaign to motivate Bahamians to embrace e-commerce;
 - (c) a security analysis of network infrastructure;
 - (d) a plan for addressing payments and settlement of on-line transactions in Bahamian dollars;
 - (e) the development of High Technology Free Trade Zones;
 - (f) an assessment of all public sector IT programmes in place or contemplated; and
 - (g) the deployment of e-Government services.

26. This office will also examine and recommend specific solutions for overcoming those impediments that can hinder the realization of a successful e-commerce policy by addressing mission critical issues such as:

- ◆ the need to ensure greater relevance of current education policies in the area of the development of information and communications technologies;
- ◆ any lack of readily available necessary skills within the workforce to meet the demands of a digital economy;

- ◆ the need to reconcile differences in regulatory and institutional arrangements which impact on information flow and electronic transactions;
- ◆ the need to improve the physical infrastructure for electronic commerce to be effectively implemented nationwide; and
- ◆ any inadequacies in public education and awareness of information technologies and the concern for information technology literacy, generally.

B. Telecommunications Infrastructure

27. Telecommunications infrastructure is the foundation for e-commerce and is its key enabler. The Government is committed to a full and timely opening-up of the telecommunications markets, in conformity with the Telecommunications Sector Policy and international agreements. More particularly the Government proposes to:

- accelerate the privatisation process for the state owned telecommunications company, the Bahamas Telecommunications Company (“BTC”) and identify a strategic investor, and continue the roll-out of the existing broadband capabilities of BTC through the deployment of D.S.L¹ services;
- continue to enhance where appropriate the development of regulatory and economic policies that are designed to encourage the private sector to create jobs and invest in the physical facilities which comprise the infrastructure;
- promote implementation of design and management of infrastructures in a manner that minimises the impact of accident, sabotage and

¹ Digital Subscriber Lines is a technology that uses existing telephone lines to transmit voice and data simultaneously without interference from either and gives like performance of fibre optics using copper lines.

catastrophic or natural disasters to protect the trustworthiness and security of communications networks as an essential element for the success of e-commerce. The Government through its policies in conjunction with Public Utilities Commission will work with the communications industry; and

- promote and encourage the development of High Technology Free Trade Zones, encompassing the latest in technological infrastructure.

C. Human Resource Development

28. The Government is committed to implementing a progressive and long-range policy for education and training of all Bahamians to ensure their effective involvement in the digital economy. This will be from the primary school level up to and including adult education programmes.

29. The policy will incorporate initiatives and strategies which will help to educate, train and re-train Bahamians to enable their participation in and enjoyment of the full benefits, services and capabilities that e-commerce and a digital economy will make available. To this end, the Government has committed to the following specific initiatives:

- the integration of ICT within the public school instructional system;
- further enhancement of public accessibility to the digital world by providing access to the computerized labs in the schools in a safe and secure environment after regular school hours;
- the computerisation of the public libraries, and allowing public access to the Internet via these computers to provide additional sites for the public to connect to the Internet;

- the delivery of distance learning for persons at work or home from any location in The Bahamas; and
- the positioning of respective information technology curriculum in public institutions of learning to address the country's requirements for participating competitively in the e-business global economy.

D. Legal Issues

30. To ensure that the necessary legal and regulatory framework is in place, the Government is about to table four draft e-commerce enabling bills that aim to build trust in, and provide certainty and predictability for, online transactions. This is essential to the sustainability of an advanced e-commerce business sector. The bills:

- remove barriers to the use of electronic signatures, electronic communications and electronic contracts in law and business;
- address data protection and unlawful interference with computers and computer systems; and
- make provision for the protection of privacy and confidentiality through appropriate legal safeguards in line with generally accepted international principles and practices.

31. The Government is also in the process of passing and /or upgrading legislation to deal with the protection of intellectual property rights over the Internet and the provision of alternative means of dispute resolution, including through means of on-line settlement.

E. Financial Issues

32. The Government is committed to promoting appropriate mechanisms to facilitate business-to-business payment systems and the settlement of cross-border transactions, wherever impediments to these may currently exist within government.

F. E-Government

33. Deployment of the Government Wide Area Network designed to eventually link up all ministries and related agencies to facilitate the exchange of information will continue. This is necessary as a single information management approach for government offers the highest possible level of cost savings, standardization, flexibility, security and interoperability across government ministries.

34. The Government will continue to roll-out the infrastructure that will connect all ministries and departments in government in an Intranet environment, inclusive of locations in the Family Islands. This infrastructure will allow for the facilitation of a government wide email and electronic transport system to increase the timeliness of moving information, data and files between agencies of the Government. At the same time the integrated justice information system project continues which will integrate all processes involved in the administration of justice and include the courts, the Attorney-General's Office, the Prosecutor's Office, the Prison and Rehabilitative Services on one network.

35. The Government proposes to accelerate its programme of developing and improving government online processes to advance the business facilitation

initiative, and will provide electronic services to the public in a phased approach. The Registrar General's Office, Customs, and Business License will be dealt with in the first phase, allowing for services provided by these agencies to be conducted in an on-line environment.

36. Within the Customs Department the project for providing a means for electronic clearing and other business facilitation systems to the local business community, is well advanced. This is expected to decrease the time that is spent on importing and exporting goods.

37. The Registrar General's Department will, shortly be in a position to accommodate online name registration and incorporation of IBCs². Other services for the general public are also being upgraded where advantage can be taken of electronic systems to improve responsiveness and quality of the service in this central and vital agency.

38. As part of a permanent exercise the Government will also place as priority the coordination of regulatory policy among various Government entities that will promote transition to a digital economy; upgrade infrastructure for the delivery of government information including converting public information to electronic form; and continue work on the expansion and enhancement of the Government portal and website.

² International Business Company

G. Content

39. The Government intends to use and encourage use of the digital economy to leverage all aspects of Bahamian culture on the WWW to increase tourism's market share, its citizens' access to local content and provide opportunities for exposure of Bahamian products and services to the global market.

CONCLUSION

40. This policy statement articulates the Government's vision for positioning The Bahamas to capitalise on the opportunities presented by the global economy, maintain its status as a leading international business centre and remain competitive. The Government is fully committed to ensuring that The Bahamas keeps abreast of, conforms to and embraces developments in information technology necessary to achieve these objectives.

41. When making e-commerce policies the pace of change in both technology and the marketplace frequently outstrips the ability of Governments to anticipate the variables in an arena in which the rules are constantly evolving. It is imperative, therefore, to ensure their continued relevance to current circumstances, to visit policies such as this on a periodic basis. Moving forward it is the Government's intention to promulgate specific policy statements as and when the need arises during this journey of transformation to a full-fledged digital economy.
